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RECEIVED

July 17, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Room 222
1919 M. Street, NW
Washington, DC 20554

Re: Iowa Telecommunications and Technology Commission Petition
of Waiver, CC Docket No. 96-45: AAD/USB File No. 98-37

Dear Ms. Salas:

Please find enclosed an article relating to the above docket. The article, written by Harold Thompson, Chief Operating Officer of the ICN, refers to the receipt of universal service funds and funding of the upgrade of the network to ATM technology. The article states that the ITTC will not need to seek state funds to upgrade the network for ATM if the FCC rules that the ICN is eligible for universal service funds.

RIITA, of course, believes that federal universal service is not intended as a substitute for state funding of upgrades to state-owned networks.

Two copies of this letter are being submitted.

Sincerely,

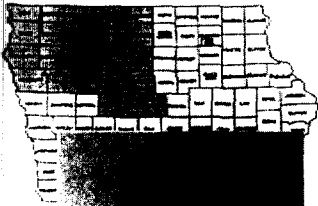
Judy Pletcher
Executive Secretary
1000 Walnut St., #324
Des Moines, IA 50309
515-243-1743

Enclosures

No. of Copies rec'd
List ABCDE

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Regional SDE Representatives



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Rockwell City, Iowa
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"I am looking forward to meeting and working with the authorized users in my area."



New Virginia, Iowa
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vicki.morris@icn.state.ia.us

"I want the users to feel they have received the most efficient and economical service ICN can provide to them."

ICN

ICN

To be the advanced telecommu
auth

General Comments

by Tommy Thompson



Harold (Tommy) Thompson
Chief Operating Officer

The legislature has finished its session and this is a general status report on how the Iowa Communications Network (ICN) has been effected and the prospects for fiscal year 1999.

For the first time in the history of the network, the legislature funded the network at a level which will enable the ICN to accomplish its support mission without creating an undue hardship on the users' rate structure or the staffing support service. We are excited about the fact that we can now turn our attention to serving the authorized users in a more responsive manner. This fiscal year was a difficult year and staffing had to be severely impacted in order to balance the budget. Now we will be able to fill the staffing void which will equal increased service support.

Part III build out of the ICN is in the fourth and last year of the contract. This contract was fully funded and the legislature has enabled the commission to add substitute sites for sites which have

dropped from the project. Currently, these substitute sites should be able to connect under the existing appropriation. The legislature also extended the contract into the year 2000 to allow the six sites which will be under construction at the end of fiscal year 1999 to be included in the Part III project.

Dial up Internet from an unauthorized site was not addressed by the legislature. The commission will be studying options and strategies to be considered for the future.

The legislature did not approve the network upgrade request (see March/April *Fiber Optic Lines*). This issue is continuing to cause great concern. It is closely tied to the Federal Communications Commission (FCC) Universal Service Fund (USF) ruling being sought by the ICN. If the ICN is declared as a common carrier for USF participation, then the Iowa Telecommunications and Technology Commission (ITTC) would not need appropriation support from the legislature. However, that ruling was not received during the legislative session. The ICN continues to work closely with the FCC to resolve the carrier status of the ICN.

The ITTC has some very difficult decisions to make within the next few months as it adjusts priorities and looks at costs and impacts of other alternative approaches to the network upgrade solution.

Leaving the legislative area, the Network will be successful in closing the fiscal year 1998 budget year on its revised target. Our video usage is performing on our projected schedule for the first time and that is exciting. Voice and data services are healthy as well. At the end of the first nine months of fiscal year 1998, ending March 31, 1998, revenues collected from users are at \$17.5 Million. This figure recognizes a significant savings to our users and demonstrates a significant value which the network brings to the users. Since the network provides services at a discounted rate, users recognize significant savings over the private sector's comparative costs.

New scheduling software which decentralizes the scheduling for full motion video classrooms is nearing completion and will be installed for use during this summer. Users will find many exciting changes, making their scheduling functions much more "hands on."

Our mail hub service is now supporting over 8,000 users and we are adding both "online" FAX, mailbox, and calendar features in the very near future.

I thank all the authorized users for their support and use of the network. Without your support the network could not provide the low cost services which you now enjoy. We are looking toward an exciting fiscal year 1999 and have enjoyed serving and working with you during this year. ❖

Potential Telemedicine Use Increase

Physician use of the Iowa Communications Network (ICN) for consultations should increase in the future with Medicare's recent policy addition expanding reimbursement of telemedicine services.

In April, Medicare announced an expansion of the number of facilities where physicians could be reimbursed for using telemedicine services. Previously, reimbursement was limited to a small number of facilities. This expansion removes one barrier to physician usage of the ICN.

For example, about 30 percent of the Midwest Rural Telemedicine Consortium's (Mercy Network) current ICN use is consultations between two physicians. Approximately 90 percent of all the consultations are secondary, which directly falls beneath this newly expanded reimbursement policy. Previously, the secondary physicians usually participated in the consultation without reimbursement.

This new federal Medicare policy will allow more flexibility for physicians to use telemedicine equipment and charge for their time, which benefits the citizens of Iowa. State Medicaid reimbursement of telemedicine consultations is already in place. ❖

NASA's Advanced Life Support Commander Interacts With Iowa Students Over ICN

Over 850 elementary, junior high, and senior high school students from across the state interacted with the commander of the NASA's Phase III Advanced Life Support project via the Iowa Communications Network (ICN) in April.

The commander, Dr. Nigel Packham, was one of four NASA scientists and engineers who lived in an air-tight chamber for 90 days in order to test the Lunar-Mars Life Support system for future space exploration. Last December, Iowa students took a virtual tour of the life support chamber via the ICN. At that time, the students were also able to ask questions of the crew who had already been in the chamber for over 75 days.

Dr. Packham was so impressed with the video conferences held last December, he decided to make a special personal trip to Iowa to

graphs of the chamber and the crew during their everyday routine. After the presentation, students

had the opportunity to ask the commander questions.

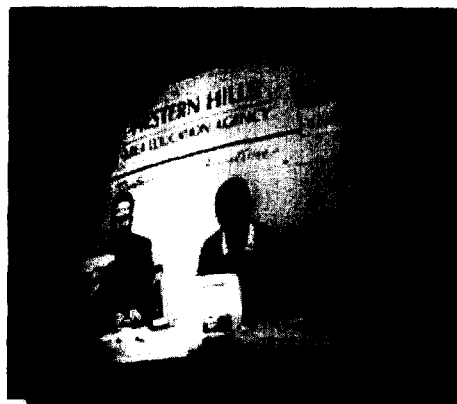
Dr. Packham answered questions such as "What was the greatest challenge?" and "What would you change?"

When asked what he and the other crew members enjoyed doing while in the chamber, Dr. Packham replied, "Some of the most interesting and en-

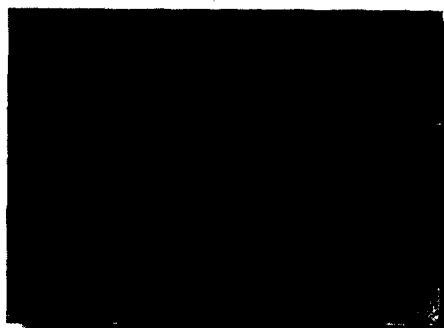
lightening times were spent talking to Iowa students."

According to Jim Christensen, distance learning/technology consultant for Western Hills AEA, this project was a success. "By using ICN technology, over 850 students had the opportunity to interact with Dr. Packham. What an incredible experience!"

Funding for this event was provided by a U.S. Department of Education Star Schools grant and was a collaboration between Iowa Public Television, Western Hills AEA and the Johnson Space Center, Houston, Texas. ❖



Jim Christensen and Dr. Nigel Packham conducted the sessions from Western Hills AEA.



Students at sites across Iowa took turns asking the commander questions about the life support project.

spend more time with the students working on their own classroom life support projects.

There were five one-hour sessions with a total of 36 interactive sites. Dr. Packham conducted all of the sessions from Western Hills Area Education Agency (AEA) in Sioux City.

Each session began with a presentation about the life support project which included photo-

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